

Washington Horse Racing Commission  
Meeting Minutes  
August 13, 2009

The meeting was convened at 9:30 A.M. Present were: Paul George, Chairman; Jeff Colliton, Commissioner; Dr. Bud Hallowell, Commissioner; Hartly Kruger, Commissioner; Representative Dave Quall, Ex-officio Member; Marta DeLeon, Assistant Attorney General; Robert J. Lopez, Executive Secretary; Patty Sorby, Confidential Secretary.

Item #1. Approval of the meeting minutes of July 9, 2009.

Commissioner Colliton moved to approve the minutes as submitted. Commissioner Kruger seconded the motion. Unanimously approved.

Item #2. Commissioner's report.

Commissioner Hallowell reported that he attended the Longacres Mile breakfast and draw. He noted the Tacoma News Tribune had an article on the Mile. Commissioner Hallowell also attended the WA Thoroughbred Breeders Association (WTBA) annual meeting and reported on statistics that had been given at the meeting regarding membership, bank balance, etc.

Commissioner Colliton commented on the response regarding the number of accounts in Eastern Washington by XpressBet and wondered what could be done to encourage people to wager on Emerald Downs and draw some of the bettors back from wagering at Post Falls. Commissioner Colliton said Boise had closed and that only the bush tracks were operating in Idaho. He said the proposed new track at Post Falls was on permanent hold and may never be built.

Chairman George noted that with the overlap of racing next year by Portland Meadows it may be difficult for Kennewick to run. Chairman George said the WHRC may have to make some tough decisions for approving Class C race days for 2010.

Commissioner Kruger said he had heard an advertisement for the Longacres Mile on KOMO radio on his way to the meeting.

Item #3. Industry Reports:

a. Emerald Downs.

Mr. Ron Crockett, President, Northwest Racing Associates LP gave the Emerald Downs report. Mr. Crockett had several handouts regarding the financial position of the race track. (Copies will be included in the master meeting file.) He stated the satellite sites handle was down significantly, attendance is staying constant and the overall on site handle is down. He complimented the horsemen for supporting full fields which makes the Emerald Downs signal more attractive for selling purposes.

Mr. Crockett commented on the lawsuit between TVG and YouBet.

Commissioner Kruger asked Mr. Crockett if any tracks were closing and Mr. Crockett responded yes and listed several that he had information were in trouble financially.

Commissioner Colliton noted that the only satellite sites that were operating viably were Yakima and Kennewick.

b. HBPA report.

Mary Ann O'Connell, Executive Director reported she attended the RCI Model Rules meeting in California, the HBPA election ballots would be out at the end of August and the annual HBPA picnic was a great success.

c. WTBA report.

Mike Fuerborn spoke for the WTBA and said there was no formal report prepared and the board had no unanimous decision to present.

Item #4. Settlements:

- a. Jose Navarro WHRC 2009-010
- b. Blaine Wright WHRC 2009-011
- c. Pete Axmaker WHRC 2009-013

Mr. Lopez presented the settlement agreements and final orders for the Commissioners signature and recommended approval.

Commissioner Kruger moved to accept the settlement agreements for Jose Navarro, Blaine Wright and Pete Axmaker as presented. Commissioner Colliton seconded the motion. Unanimously approved.

Item #5. Future Commission Meeting – Dates and Frequency of Meetings.

Mr. Lopez presented a list of the meetings for the WHRC to consider. Staff recommended January, February, March, April, June, August, October and November to meet. Mr. Lopez said there was little business to consider in the months of May, July, September and December. Commissioner Colliton was interested in moving the meeting day to Friday's to give the Commissioners the opportunity to attend racing and be available to meet with stakeholders.

Chairman George asked Mr. Lopez to check with Auburn and determine if the council chambers was available on Friday's and place this item on the September agenda.

Item #6. Agency Request Legislation:

- a. RCW 67.16.105 (Class C purse funds).
- b. RCW 67.16.300 (Horse Racing Premiums) RCW 51.16.210 (Industrial Insurance).

Mr. Lopez said the agency proposed legislation was sent to stakeholders on July 15. The decision packages and fiscal notes for each legislation had been prepared and a few stakeholders had responded with comments.

Mr. Lopez said this was an update for the Commissioners and this would be placed on the September agenda for final action by the Commission.

Item #7. Annual Review of Source Market Fee Distribution (WAC 260-49-070).

Mr. Lopez said each year the Commission must review the distribution percentage for advance deposit wagering and any changes must be adopted by rule. Staff said the current distribution is satisfactory and no change was recommended.

Item #8. Washington-bred Owner's Bonus & Breeder Awards – Rulemaking discussion.

Mr. Lopez presented to the Commissioners a new section in chapter 260-16 WAC to address how Washington-bred owners' bonus and breeder awards would be retained, collected and distributed and offered three options regarding what to include during the live race meet (from the first day of live racing through the last day of live racing) for the Commission to consider

Option 1. Would only include wagering on live races conducted on the grounds of the Class 1 racing association and not include simulcast wagering conducted during the live meet;

Option 2. Would include wagering on live races conducted on the grounds of the Class 1 racing association and simulcast wagering conducted on the days of live racing but not include wagering on simulcast races conducted during the live meet on days when no live racing occurs; and

Option 3. Would include wagering on live races conducted on the grounds of the Class 1 racing association and simulcast wagering conducted during the period of the race meet including wagering on simulcast races conducted during the live race meet whether or not live racing is occurring.

The race meet will not include wagering conducted beginning the day after the last day of live racing until the day before the first day of the following live race season.

Ms. DeLeon, who had written an opinion regarding the definition of race meet, further clarified her opinion.

Mr. Crockett recommended Option 3, to include wagering on live race days, simulcast wagering on days of live racing and simulcast on days when there is no live racing during the race meet.

Frank McDonald asked which option put the most money in the horsemen's pocket. He was informed that would be Option 3.

Pete Swaggerty asked what had happened historically. Mr. Crockett explained the history.

Mr. Lopez had a handout that further explained the effect of not including wagering after the last day of live racing and up to the first day of live racing, using the pari-mutuel handle for 2008.

Commissioner Kruger moved to adopt Option 3. Commissioner Colliton seconded the motion. Chairman George, Commissioner Kruger and Commissioner Colliton voted yes. Commissioner Hallowell abstained.

Commissioner Hallowell asked if an industry involved discussion could be held on this topic to allow stakeholders to voice their opinions.

Susie Sourwine warned the stakeholders in the industry they need to get together and decide how to “grow” the industry because some real threats are in the future that will erode the industry even more.

Frank McDonald reminded the Commission that many of the horsemen have already gone out of the business.

BREAK 11:35 A.M. RECONVENED 11:45 A.M.

Item #9. 2009-2011 Biennial Projections – Grant Funding for FY 2009 and beyond.

Mr. Lopez presented two financial scenarios updating the ability for the WHRC to provide grant funding to the Class C meets. Utilizing a sixteen percent reduction in parimutuel tax with no inflation factor shows the WHRC would have to make cuts in other places to afford funding for the jockey incentive grant and the jockey insurance grant. If the Commission approved grant funds for FY 2010, he said the WHRC would only be able to do this for one more year, given the revenue and expenditure predictions.

Chairman George said the WHRC may not be able to grant all nineteen days of racing to the Class C meets in the future and wondered how the Class C race meets would react if only ten, for example, were granted.

Shorty Martin, representing the Blue Mountain Circuit (Class C meets) said he felt the jockey incentive had made no difference in the number of jockeys who participated in the Class C meets. Only a few of the jockeys were taking home the majority of the grant money. He had talked with Cliff Schellinger, President of the meet at Sun Downs who has said he may be able to conduct one more meet and Walla Walla has been talking of finishing this year and not asking for dates in 2010 for some time.

Mr. Martin said an industry meeting was to be held in Walla Walla on September 5<sup>th</sup> to discuss the future of the Class C meets. Chairman George, Commissioner Colliton and Robert Lopez, Executive Secretary said they plan to be present at that meeting.

Item #10. Executive Secretary’s report:

a. Report on Model Rules Committee & RCI Board Meeting.

Mr. Lopez reported on his attendance at the RCI Model Rules meeting in San Diego, California. He said the discussions included continuing education for trainers, jockey weights, RMTC blood thresholds for anabolic steroids, jockey fee rule, horse testing samples and the riding crop.

b. Accountant's Recap.

Mr. Lopez explained the accountant's recap comparison for July 2008 with July 2009; revenues and expenditures on the WHRC biennial closing budget information.

Mr. Lopez said the license fee increase is posted on the WHRC webpage and would be before the WHRC for discussion at the September meeting.

Item #11. Any other business that may be properly brought before the Commission.

Commissioner Colliton asked the WHRC to look at the wagering prohibition rule and suggested amending this rule to allow commissioners to wager on simulcast races being offered at locations under the jurisdiction of the commission.

Meeting adjourned. 12:35 P.M.

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Robert J. Lopez, Executive Secretary